# How 'going green' can pay off in the long run

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## Body

Over dinner the other night, the subject of Encana's departure from Canada came up.

Most guests saw it as a major economic loss for the country, and for Alberta in particular. But there was one dissenter. "It's just another fossil fuel company," she said. "They're going the way of the dinosaurs. When are we going to smarten up and start moving to green energy?"

Actually, we are. But our green energy industry is puny compared to the oil and gas giants like Suncor, Imperial Oil and Canadian Natural Resources. Most green companies are unknown to the majority of investors. But many have seen big jumps in their share prices in the past year as people become aware of the changes taking place in the energy sector.

The S&P/TSX Renewable Energy and Clean Technology Index was up about 19 per cent for the year ending Oct. 31. By contrast, the S&P/TSX Capped Energy Index, which consists mainly of fossil fuel companies, was down more than 24 per cent in the same period. That's a swing of 43 percentage points in a single year. Investors are clearly voting with their money.

As far as I can determine, there is no exchange-traded fund based on the S&P/TSX Renewable Energy and Clean Technology Index. But there are several individual stocks that are doing well and are worth considering. Here are some I have recommended in my Income Investor newsletter in recent years.

Brookfield Renewable Partners: This is a Bermuda-based limited partnership. It's part of the Brookfield conglomerate, which operates world-wide, with a head office in Toronto. Renewable Partners has 18,900 MW of installed capacity and focuses mainly on hydroelectric projects, although it is also venturing into wind farms and solar. Most of its $50 billion in assets are in North and South America and Europe. The shares gained 53 per cent over the year to Nov. 4. The yield is

4.9 per cent.

TransAlta Renewables Inc.: This Calgary-based company operates renewable energy projects in Canada, the U.S. and Australia. The main emphasis is on wind farms (54 per cent of generating capacity) followed by natural gas (41 per cent), hydro (five per cent), and solar (one per cent). Fossil fuel opponents won't be pleased with the natural gas component, but gas is more climate-friendly than oil or coal. Over the past 12 months, the stock is up 26 per cent. The shares yield 6.6 per cent.

Algonquin Power & Utilities: Algonquin is a renewable energy and regulated utility company based in Oakville, with assets across North America. It operates green energy resources including hydroelectric, wind, thermal and solar power facilities, as well as sustainable utility distribution businesses (water, electricity and natural gas) through its

two operating subsidiaries: Liberty Power and Liberty Utilities. It has gained 34 per cent in the past year. The yield is 4.1 per cent.

Innergex Renewable Energy: Innergex is based in Longueil, a suburb of Montreal, but its operations are international, with facilities in Canada, the U.S., France and Chile. This company is a climate activist's dream - it only uses renewable power. Its assets include 67 operating facilities and seven projects in development. Net installed capacity is 2,338 megawatts. Innergex is up

31 per cent in the past year and yields 4.3 per cent.

Boralex Inc.: Quebec-based Boralex develops and operates renewable energy power projects in Canada, the U.S. and France. The majority of the company's production comes from wind, accounting for

89 per cent of its 1,942 MW capacity in 2018. Of the remainder, eight per cent of production is from hydro,

two per cent thermal, and one per cent solar. Some 98 per cent of its capacity is covered by long-term fixed-price contracts with an average length of 13 years. The shares gained

27 per cent in the past year. The yield is 3.1 per cent.

You'll note that despite the big gains in the past year, all of these stocks still offer attractive yields for income-oriented investors, most in the four to give per cent range. I don't expect capital gains to continue at the same rate going forward, but the high yields and growing investor trend towards clean energy should combine to reduce the downside in the event of a market correction.

Ask your financial advisor if any of these securities are suitable for you.

Disclosure: I own shares in several of these companies.

Gordon Pape, a contributing columnist for the Star's Business ection, is editor and publisher of the Internet Wealth Builder and Income Investor newsletters. He may have personal holdings in the investments he writes about.

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